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DE RUEHSO #0125 0641734
ZNR UUUUU ZZH
O 051734Z MAR 09
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8994
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA PRIORITY 0149
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 9048

UNCLAS SAO PAULO 000125

SIPDIS

STATE INR/R/MR; IIP/R/MR; WHA/PD

DEPT PASS USTR

USDOC 4322/MAC/OLAC/JAFEE
E.O. 12958: N/A

TAGS: [KMDR](#) [OPRC](#) [OIIP](#) [XM](#) [XR](#) [XF](#) [BR](#)

SUBJECT: MEDIA REACTION: GLOBAL ECONOMY: PROTECTIONISM; SAO PAULO

Recession and Protectionism: lessons and errors from the past

Op-ed in business oriented Valor Economico (3-5) by economist Marcelo Piancasteli from the Institute of Applied Economic Research (IPEA). Several years ago, on an invitation from the State Department, Mr. Piancasteli, on a student program, visited Pittsburgh, PA, an area with high concentration of steel mills. On this industry, he now states: "The U.S. steel industry has improved, but has not turned globally competitive....In the package of measures proposed by President Obama's administration to fight recession, there is an astute article to limit steel imports, which brings back the time old adage of protectionism: protect jobs in industries with no conditions to compete in the global market....The current initiative.... this allows us to review past lessons....We know today that U.S. protectionism, along with other mistakes in monetary policy, only prolonged [1929] recession, which lasted 10 years and only ended because World War II started."

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